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DEPARTMENT OF STATE
MEMORANDUM OF CONVERSATION

DEPARTMENT OF STATE

Date: May 17, 1951.

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SUBJECT: U.S. Program to Strengthen the Arab States and Israel.

OFFICE OF DIRECTOR

PARTICIPANTS: U.S.:

Admiral Forrest P. Sherman, USN (Representing Joint Chiefs of Staff)
Assistant Secretary of State George C. McGhee, NEA.
Assistant Secretary of State George W. Perkins, EUR.
Mr. Paul H. Nitze, Director, Policy Planning Staff.
Mr. G. Lewis Jones, Director, NE.
Mr. Samuel K. C. Kopper, Deputy Director, NE.
Colonel P. C. Mains, OSD.
Mr. John Bingham, S/ISA.

French:
M. Henri Bonnet, Ambassador of France.
Rear Admiral Georges Cabanier.
M. Jean-Pierre Benard, First Secretary, French Embassy

COPIES TO: Offices, Secretaries of Defense, Army, Navy and Air Force.
Admiral Sherman.
American Embassies, London, Paris, Moscow, Baghdad, Cairo, Jidda, Tel Aviv.
American Legations, Amman, Beirut, Damascus.

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Ambassador Bonnet was asked by the Department of State to attend a Top Secret meeting in Admiral Sherman's office this morning. He was accompanied by Admiral Cabanier and M. Benard.

Admiral Sherman commenced the conversation by informing the French representatives that the purpose of the meeting was to inform them of a U.S. program of aid and assistance to the Arab States and Israel. Admiral Sherman explained that the Departments of Defense and State had been working on a program for assistance to the Near East for some time. This program was now being considered by the Bureau of the Budget and would be submitted to the Congress in the near future. The two U.S. Departments wished to inform the French of the general nature of the program prior to its becoming public knowledge. Admiral Sherman then asked Assistant Secretary McGhee to explain the details of the program.

Mr. McGhee

Mr. McGhee spoke along the following lines: The United States has been concerned about deterioration of the situation in the Near East for some time, just as we know the French have. We are particularly worried about the trend toward neutralism. He had recently been impressed by this trend during his trip through the area. There was a "plague on both your houses" sentiment in the Near East. This had been evidenced by the voting of certain of the Near Eastern States in the United Nations on the question of action toward Communist China. In addition to the reaction toward the Western nations which had grown up during the past several years, there also seemed to be a general feeling of insecurity in the Near East. The States in the area believed that aside from the limited British commitments, there did not seem to be any plans or programs to protect the area. The Near East feels that it is being ignored. They have noticed that while other areas have received much assistance they have obtained virtually nothing and there has been no grant aid. They are acutely aware of the aid which we have given to Greece and Turkey. The fact that their northern neighbors are being strengthened does not make the Near East feel more secure. The United States had developed a program of assistance for Saudi Arabia, however, the plans for Saudi Arabia which we have developed will now be a part of the new program.

The U.S. Government now believes that it is necessary to give more affirmative evidence that we are interested in strengthening the area and in creating a greater will to resist any threat from the Soviet Union. The program which we have in mind is designed for the most part to obtain political rather than military objectives. At the present time, we do not anticipate that there would be a military build-up comparable to that in Turkey. Our program is essentially to obtain cold war objectives and to stimulate a feeling of security in the area.

We are seeking authority from Congress which will permit $25 to $50 million in military grant aid to the Arab States and Israel if certain conditions are met and priorities and allocations will permit. We do not desire to compete with France and the United Kingdom in developing this program. We should like them to continue their efforts in the area. We do not wish in any way to take away any of the incentive in the area to buy military equipment from France or the United Kingdom. Our program is to supplement their efforts and will in the first instance be of a cash reimbursable nature. Grant assistance will be used only where necessary. We are informing the French of our intentions within the [illegible] of the Tripartite Declaration of May 25, 1950. We hope the efforts of the United States, the United Kingdom and France will be coordinated.

There is also an economic phase to the U.S. program. It is contemplated that we shall seek Congressional appropriations for economic assistance in an amount somewhat in excess of 100 million dollars. This program will be partially for economic aid to the individual states and also to assist the Arab refugees. The amount which we are seeking for aiding the latter is much more than before. We believe this [illegible] both

both the Arab States and Israel. We hope that France and the United Kingdom will also be able to give more since there is now an indication that the Arab States are willing to talk openly about the resettlement of the refugees. In developing the economic program as a whole, we wish to achieve a balance and to maintain impartiality as between the Arab States and Israel. We hope that this assistance will increase the incentive of the area to cooperate with the West. Congressional approval is, of course, necessary. The details of the program will have to be talked out with the French and the British later on.

Ambassador Bonnet inquired whether we are thinking of just Saudi Arabia or all of the States. Mr. McGhee replied that we are considering all of the States but that Saudi Arabia was the only one for which we had so far developed a program. He repeated that the program was within the spirit of the Tripartite Declaration and that there should be a coordination of French, British and American efforts.

Ambassador Bonnet then asked what machinery we had in mind to handle the economic side of the program. Would we anticipate utilizing the United Nations? Mr. McGhee said that we had not worked out all of the details of our plans. We felt, however, that the United Nations should continue the actual feeding and relief of the refugees. With regard to the resettlement projects, our present informal thinking is that there should be more direct American supervision. There should be somebody in each country, possibly from ECA, who would head the country mission and supervise the projects which might be developed. Ambassador Bonnet then observed that this appeared to be a program designed to give more than relief to the refugees; it provided for substantial economic rehabilitation. Admiral Sherman stated that this was the only way to get the very difficult problem settled. Mr. McGhee reiterated that rehabilitating refugees would help both the Arab States and Israel.

Ambassador Bonnet inquired whether ECA would be the agency administering the assistance. Mr. McGhee said that this had not been firmly decided but the assumption was that ECA would be the agency. The Ambassador then asked how we envisaged economic cooperation with the United Kingdom and France. Mr. McGhee responded that he thought there could be coordination between the United States Mission Head and those who were performing similar tasks for the French and British or with the Chiefs of Mission of France and the United Kingdom in the particular country. Ambassador Bonnet then stated that the U.S. would undoubtedly be able to supply more funds; however, France had done a lot of planning in certain of the states in the area. He stressed that real cooperation was needed. Mr. McGhee said that there was so much to be done that he did not think there should be any concern about competition. He agreed that real cooperation was needed and informed the Ambassador that we were very glad to note that France has been giving more thought to technical assistance in Syria and Lebanon.

Admiral Sherman

Admiral Sherman then said that a degree of assistance to the countries in the Near East should bring that area toward the West. He added that the importance of the Near East strategically was self-evident and that it was not necessary for him to elaborate. Ambassador Bonnet agreed completely with this. The Ambassador did not think there should be big machinery to carry out programs. The essential thing was to plan in advance on the basis of real cooperation.

Mr. Benard then expressed the view that the usefulness of a program depends in part on the evolution of peaceful relations between Israel and the Arab States. He wondered whether we had any plans to bring about more peaceful conditions. Was there any way in which we could push these states into more normal relations? Mr. McGhee replied that our objective was, of course, to achieve peace and stability in the area as well as to strengthen it. However, he said that peaceful conditions would be a by-product of improved economic conditions. He did not feel that peace could be bought and, at the present time, it was obvious that the situation was not too favorable. He cited the trend away from settlement between Israel and Jordan; the fact that we had been informed by our Embassy in Cairo recently that there were no immediate signs that any peace settlement could be worked out between Egypt and Israel, and the fact that it would be extremely difficult to get any arrangement between Syria and Israel in light of the recent difficulties. However, we must continue to try to obtain more peaceful conditions whenever possible. This was the spirit of the Tripartite Declaration. We would, of course, exact as a condition to any arms assistance a commitment that there would not be any aggression on the part of the recipient state. Ambassador Bonnet agreed and said that we could not allow any steps toward war in the area. This must be realized in advance because the temptation to use the arms would be great. Mr. McGhee said that there would be a number of conditions attached to prevent aggressive use.

In response to a question from the French Ambassador as to whether Israel would be upset by U.S. supply of weapons to the Arab States, Mr. McGhee stated that the program was based on impartiality and within the framework of the Tripartite Declaration. Colonel Hains observed that we desired to maintain a balance. Under the law, we will have to have provisions for inspecting and controlling the flow of materials. There will be a group which will coordinate the supply for each country.

The Ambassador asked Admiral Sherman whether the program of military assistance would have any bearing on strategic planning for Mediterranean and Near Eastern Defense. Admiral Sherman said that it would not have any bearing; these were two distinct questions; it would be some time before the Arab States and Israel could be built up. For the time being, we did not wish to have too many voices discussing the program. The French Ambassador then thanked Admiral Sherman and Mr. McGhee for informing him

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of the nature of our proposed program. He understood that we would be in touch with the French Government later when our thoughts for the implementation of the program are further advanced.

Attachment:

Notes from which Mr. McGhee spoke.

(This memorandum was agreed to in its present form by Jean-Pierre Benard of the French Embassy.)

NEA:NE:SKCKopper:ehd 5/18/51